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*Counsel to North Plaza I, LLC, North Plaza II, LLC,
and North Plaza III, LLC*

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

-----X	:	
In re	:	Chapter 11
	:	
SEARS HOLDING CORPORATION, et al.,	:	Case No. 18-23538
	:	
Debtors.	:	Jointly Administered
	:	
-----X		

**RESERVATION OF RIGHTS AND OBJECTION TO SUPPLEMENTAL
NOTICE OF CURE COSTS AND POTENTIAL ASSUMPTION AND
ASSIGNMENT OF EXECUTORY CONTRACTS AND UNEXPIRED LEASES
IN CONNECTION WITH GLOBAL SALE TRANSACTION**

North Plaza I, LLC, North Plaza II, LLC, and North Plaza III, LLC, (together, the “Landlord”), by and through their undersigned counsel, hereby objects to the Supplemental Notice of Cure Costs and Potential Assumption and Assignment of Executory Contracts and Unexpired Leases in Connection with Global Sale Transaction (the “Supplemental Cure Notice”) filed by the Debtors on January 23, 2019. In support thereof, the Landlord states as follows:

1. Kmart Corporation and the Landlord are parties to a Lease dated July 1, 1975, as amended from time to time (the “Lease”), for the premises located at 8980 Waltham Woods Road, Baltimore, MD, and known as Kmart store number 3256 (the “Store”).
2. On October 15, 2018, the Debtors, including Kmart Corporation, commenced these chapter 11 cases.

3. On December 28, 2018, the Debtors filed a Notice of Intent to Conduct Store Closing Sales, which indicated that the Store would be going out of business and closing. [D.I. 1444]

4. On January 23, 2019, the Debtors filed the Supplemental Cure Notice. [D.I. 1774] The Supplemental Cure Notice alleges that the amount needed to cure Kmart Corporation's default under the Lease totals \$63,438.81 (the "Proposed Cure Amount").

5. The Landlord objects to the Supplemental Cure Notice because the Proposed Cure Amount is incorrect. The actual dollar amount needed to cure the current defaults under the Lease is \$86,070.82 (consisting of \$84,745.65 in CAM liability and \$1,325.17 in past-due water bills). The Landlord, by and through its counsel, has had numerous communications with the Debtors' counsel regarding the error in their Proposed Cure Amount and has provided backup information evidencing the correct cure amount as well as information regarding the calculation of the correct amount. Despite repeated requests, the Debtors' counsel has failed to provide any information as to how it arrived at the Proposed Cure Amount. The Landlord, by and through its counsel, is continuing discussions with the Debtors' counsel to reconcile these amounts, and is hopeful that some resolution can be achieved.

6. Pursuant to 11 U.S.C. § 365(b)(1), the Landlord objects to any assumption and assignment of the Lease unless and until the entire correct cure amount of \$86,070.82 due and owing to the Landlord is paid and the Landlord receives adequate assurance that these amounts and future amounts due under the Lease will be paid.

7. In addition, the Supplemental Cure Notice states that adequate assurance information will be distributed to applicable counterparties. *See* Supplemental Cure Notice at ¶ 10. The only adequate assurance information the Landlord has received is attached as Exhibit C to the Supplemental Cure Notice which is a generic letter that provides no information about what assurances are being offered to the Landlord. Pursuant to 11 U.S.C. § 365(b)(1), the Landlord further objects to any assumption and assignment of the Lease unless and until the Landlord receives adequate assurance of future performance thereunder.

8. The Landlord does not waive any of its rights under the Lease or applicable bankruptcy law. The Landlord expressly reserves all rights to amend, modify, or supplement this objection.

WHEREFORE, the Landlord respectfully requests that this Court enter an order providing that, in connection with any assumption and assignment of the Lease, the Debtors are obligated to pay the cure amount of \$86,070.82 and provide adequate assurance of future performance under the Lease.

Dated: January 30, 2019
New York, New York

Respectfully submitted,

/s/ Alana M. Friedberg
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Counsel to the Landlord

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on this 30th day of January, 2019, a copy of the foregoing *Reservation of Rights and Objection to Supplemental Notice of Cure Costs and Potential Assumption and Assignment of Executory Contracts and Unexpired Leases in Connection with Global Sale Transaction* was served on all parties receiving CM/ECF notices in this case and on the foregoing Objection Recipients by first class mail, postage prepaid, and e-mail (unless otherwise indicated).

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